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Tom Murphy T20080003894
Westmoreland County RecorderC

OIL AND GAS LEASE

I hereby CERTIFY that this document is recorded in the RECORDER'S OFFICE of Westmoreland County Pennsylvania
Tom Murphy, Recorder of Deeds

THIS LEASE, made and entered into this 8th day of January , 2008 , by and between

Donald L. Hall and Nancy M. Hall his wife,

of 354 Hall Rd. Latrobe PA. 15650

hereinafter called the Lessor, and **Rex Energy I, LLC** of 400 Southpointe Plaza One, Suite 410, Canonsburg, PA 15317, hereinafter called the Lessee,

WITNESSETH:

1. That the Lessor, for and in consideration of One Dollar ($1.00) and other valuable consideration in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purposes of drilling, operating for, producing and removing oil and gas and all the constituents thereof, of injecting into, storing, holding in storage and removing gas from any sands, reservoirs and/or strata and of granting a reasonable and convenient easement(s) for transport by pipelines or otherwise across and through said lands oils, gas and their constituents from the subject and other lands, regardless of the source of such gas or the location of the wells and of placing tanks, equipment, roads and structures thereon to procure and/or operate for the said products, all that certain tract of land situated in **Derry** Township identified as Tax Map/Parcel Number **45-34-00-0-026** in **Westmoreland** County, **Pennsylvania**, bounded substantially as follows:

North by lands of Latrobe water auth.
East by lands of Redcut lodge Rd.
South by lands of USA Lands
West by lands of USA Lands

being all the property owned by Lessor or to which the Lessor may have any rights in Section/Lot 45-34-00-0-026 of Derry Township, containing **64.12** acres, more or less and being the same land conveyed to Lessor by George H. Hall and Harrieit C. Hall his wife, and recorded in said county records in Deed Book No. 2969 Page 484 , Deed Book No. ______ Page _____ , Deed Book No _____ Page _____.

2. No well shall be drilled within 200 feet of the present buildings unless both parties consent thereto.

3. This lease shall continue in force for the term of **Five** years from the effective date of January 8, 2008 , and as long thereafter as the Lessee is engaged in the production of or search for oil and/or gas on the leased premises.

4. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within ninety (90) days from the effective date hereof, a well shall be commenced on the premises, or unless the Lessee shall thereafter pay a delay rental of **Six hundred forty-one and 20/100** Dollars ($ **641.20**) each year, payments to be made annually or quarterly until commencement of a well.

5. In consideration of the premises the Lessee covenants and agrees: (A) To deliver to the credit of the Lessor in tanks or pipelines, as royalty, free of cost, the equal one-eighth (1/8) part of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is run into tanks or pipelines. (B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the wellhead price paid to Lessee per thousand cubic feet of such gas so marketed and used; payments of royalty for gas marketed during any calendar month to be on or about the 30th day of the following month. (C) In no event shall Lessee be obligated to pay royalties to Lessor calculated on any price higher than that actually received by Lessee at the wellhead. As full compensation for the storage rights herein granted, and in lieu of all royalty or other payments due or to become due for the right to produce or the production of gas, oil or other hydrocarbon substances produced therewith from the stratum or strata utilized for gas storage purposes, Lessee agrees to pay Lessor an annual rental of Five Dollars ($5.00) per acre for each acre utilized, as estimated by Lessee, for such gas storage purposes, in advance, commencing with a date not more than three months after it notifies Lessor that it elects to use any stratum for storage purposes, and for so long thereafter as any such stratum is so utilized. Lessee further agrees to pay Lessor, as liquidated damages for the drilling, operation and maintenance of each well on leased premises which is utilized for storage of gas, as well as for the necessary or useful surface rights and privileges relating thereto, for the entire term of this agreement, the sum of Five Hundred Dollars ($500.00) payable in one sum within three months after each well now existing or hereafter drilled upon the leased premises is so utilized. The storage rights may be exercised in conjunction with other leases in the general vicinity and may be exercised irrespective of whether or not any well(s) are actually situated on the surface of the leased premises.

6. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to As Above at As Above, and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas of their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.

7. The Lessor may, at Lessor's sole risk and cost, lay a pipeline to any one gas well on the premises, and take gas produced from said well for domestic use in one dwelling house on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by the Lessee. The first two hundred thousand cubic feet of gas taken each year shall be free of cost, but all gas in excess of two hundred thousand cubic feet of gas taken in each year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor shall lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessor's expense. Lessor shall maintain the said pipeline, regulators and equipment in good repair and free of all gas leaks and operate the same so as not to cause waste or unnecessary leaks of gas. If the Lessor shall take excess gas as aforesaid in any year and fail to pay for the same, the Lessee may deduct payment for such excess gas from any rentals or royalties accruing to the Lessor hereunder. Lessor acknowledges that he has been advised as to the risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks caused by Lessor's lines or equipment. Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from any claims of any nature whatsoever which may arise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns.

8. If, during the primary term hereof, a well is drilled and is a dry hole and is plugged according to law, then Lessee may continue the primary term in effect by either commencing operations for the drilling of a subsequent well, or by resuming payment of said delay rentals, before the expiration of 90 days from said plugging date. In the event a well is commenced during the primary term hereof, but is a dry hole and is plugged following the expiration of the primary term, then the primary term shall be extended for 90 days from said plugging date.

9. Lessee shall upon the completion of the first productive well upon said premises make a diligent effort to obtain a pipeline connection but any delay shall not be counted against the Lessee provided Lessee shall resume delay rental payments for quarterly periods, beginning one year from the date that the first productive well shall be completed until said first well shall be connected to a pipeline. Likewise, in the event such well is shut-in for any reason after having produced in paying quantities, lessee shall make shut-in royalty payments in the same amount as the delay rental payments provided for hereinabove, beginning one year from the date such well is shut-in and continuing until said well is returned to production.

10. The consideration, land rentals, well rentals or royalties paid and to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for all the rights herein granted to the Lessee and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as the Lessee may elect.

11. The Lessor hereby grants to the Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than 640 acres or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but the Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the provisions and covenants of this lease to the same effect as if all the lands comprising said unit were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that the Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinbefore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. The Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to the Lessor at the address hereinabove set forth unless the Lessee is furnished with another address. If the well on said development unit shall thereafter be shut in, the shut-in royalty hereinbefore provided for such use shall be payable to the owners of the parcels of land comprising said unit in the proportion that the acreage of each parcel bears to the entire acreage consolidated.

12. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

13. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after notice to the Lessee either by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of such original instrument or a duly certified copy thereof to the Lessee.

14. The Lessee shall have the right to assign and transfer, as hereinabove set forth, the within lease in whole or in part and Lessor waives notice of any assignment or transfer of the within lease. Failure of payment of rental or royalty on any part shall not void this lease as to any other part. Lessor

ADDENDA
TO THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN
REX ENERGY I, LLC, LESSEE
AND

Donald L. Hall and Nancy M. Hall his wife
As the Lessor, whose current address is: 354 Hall Rd. Latrobe, PA 15650
With the property being located at
Sections 45-34-00-0-026 situated in Derry Township(s) located in Westmorland County, State of Pennsylvania

Dated: January 8, 2008

1. Wellsites, pipelines and access roads to be in mutually approved locations, said approval not to be unreasonably withheld.

2. The Lessee shall pay market value for all damages caused by Lessee's operations to crops and timber on above said premises.

3. Lessee agrees to test Lessor's domestic water wells within 1000' of any wellhead prior to Lessee's drilling of any oil and gas wells on Lessor's or any neighboring property. If it is determined that Lessor's domestic water supply was affected by Lessee's drilling operations, Lessee agrees to take remedial measures to restore Lessor's domestic water supply in accordance with state rules and regulations governing same. Lessee agrees to supply Lessor with potable water until such time as Lessor's domestic water supply is restored.

4. The Lessee hereby agrees to indemnify and hold Lessor harmless from any and all claims, demands, actions or causes of action which may arise as a result of this Lease or any activity, use, or occupation of the leased premises by the Lessee or any person or entity with whom it has any contractual relationship or any agents, employees, representative or third parties upon the premises. Lessee further indemnifies and holds Lessor harmless from any damages, assessments, penalties, or other relief claimed by any governmental entity as the result of this lease or any activity conducted upon the premises hereunder.

5. Lessee to re-contour, seed and mulch all areas that Lessee may disturb on the above leased premises.

6. Lessee to comply with all applicable rules and regulations of the PA Department of Environmental Protection that pertain to oil and gas drilling.

LESSOR:

Donald L. Hall
Donald L. Hall

LESSOR:

Nancy M. Hall
Nancy M. Hall

Signed for the purposes of identification.

This instrument was prepared by:
Rex Energy I, LLC
4000 South Point Blvd., Suite 410
Canonsburg, PA 15317

agrees that when and if the within lease is assigned the Lessee herein shall have no further obligations hereunder. The Lessor hereby warrants and agrees to defend the title to the leased premises. The Lessor further grants to the Lessee, for the protection of the Lessee's interest hereunder, the right to pay and satisfy any claim or lien against the Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply on the payment of any existing liens on the premises.

15. The Lessee shall bury, when so requested by the Lessor, all pipelines used to conduct oil or gas to, on, through and off the premises and pay all damages to growing crops, buildings, fences and trees caused by operations under this lease. All reclamation of well sites, tank sites and other surface damage shall be completed, weather permitting, within one year of the start of production or the completion of plugging. Any damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by the Lessor, one by the Lessee, and the third by the two so appointed, and the award of such three persons shall be final and conclusive. Each party shall pay the cost of their appraiser and shall share the cost of the third appraiser.

16. The Lessee shall have the privilege of using sufficient oil, gas and water for operating on the premises and the right at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. The injection of gas, water, brine or other fluids into subsurface strata shall be made only into strata below those furnishing domestic fresh water and Lessee agrees to adequately protect Lessor's fresh water supply from contamination or damage which may be caused by Lessee's operations. The Lessee shall have the right to surrender this lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by recording the surrender or partial surrender of this lease, any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion or all the premises indicated on said surrender, and the delay rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered provided, however, that upon each surrender as to any part of the leased premises, Lessee shall have reasonable and convenient easements for their existing pipelines, roadways and other facilities over the lands surrendered. If the initial payment made hereunder by Lessee to Lessor is by Lessee's draft, then the parties agree that Lessee may stop payment on said draft prior to its due date and surrender this lease pursuant to this paragraph, in the event of the failure of title of Lessor or for any other reason. In such event, Lessee shall have no underlying liability to Lessor in any amount.

17. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure including but not limited to acts of God, strikes, riots, and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until the Lessee can perform said act or acts and in no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

18. Upon the expiration of this lease and within sixty (60) days thereinafter, Lessor grants to Lessee an option to extend or renew under similar terms a like lease. If Lessee exercises this option to renew, the Lease shall continue under the same terms and conditions, including Lessee's obligation to pay delay rentals as set forth in paragraph 4 above, for said additional period, and as long thereafter as oil, gas or associated hydrocarbons are produced from the premises, or drilling operations are continuously prosecuted.

19. If Lessor receives an offer to lease the oil and gas, covering any portion of the land described herein and becoming effective within 30 days of the expiration of this lease, Lessor hereby agrees to notify Lessee immediately of offeror's name and the terms offered. Lessee for 15 days after receipt of such notice shall have the prior and preferred right and option to lease the oil and gas covered by the offer at the price, terms and conditions specified in the offer. Failure of the Lessor to provide such notice to the Lessee shall invalidate any lease entered into between Lessor and any such offeror.

20. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

21. Lessor hereby warrants that he is not currently receiving any bonus, rental, production royalty or shut-in royalty as the result of any prior oil and gas lease covering any or all of the subject premises, and that there have been no wells drilled upon the subject premises or upon other lands with which the subject premises have been combined in a drilling or production unit.

22. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns and the Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them.

23. Addendum attached hereto and made a part hereof. x D.L.H. x N.M.H

IN WITNESS WHEREOF, and intending to be legally bound, the Lessors have hereunto set their hands and seals the day and year first above written.

Signed and Acknowledged in the presence of:

Signatures Donald L Hall

Donald L. Hall

Nancy M. Hall

Nancy M. Hall

ATTEST: Lisa Marie Ananea

By:

GRANTEE: Rex Energy I, LLC Thomas F Shields

By: Thomas F. Shields Its: President

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Pennsylvania)
) **SS**
COUNTY OF Westmoreland)

Before me, a Notary Public in and for said county and state, personally appeared the above named Donald L. Hall And Nancy M. Hall, his wife who acknowledged to me that They did execute the foregoing instrument and that the same is Their free act and deed for the purposes therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal ON this 8th day of January, 2008.

My Commission Expires: OCTOBER 2, 2011

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
John R. Herman - Notary Public
CRAFTON BORO., ALLEGHENY COUNTY
MY COMMISSION EXPIRES OCT. 02, 2011

John R. Herman

Notary Public